

AMENDED IN ASSEMBLY APRIL 8, 2010

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 1879

Introduced by Assembly Member Beall

February 16, 2010

An act to add Section 737.1 to the Public Utilities Code, relating to utility charges.

LEGISLATIVE COUNSEL'S DIGEST

AB 1879, as amended, Beall. Electrical and gas corporations: collection of charges.

The California Constitution establishes the Public Utilities Commission, with jurisdiction over all public utilities, including electrical corporations and gas corporations, as respectively defined. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. ~~Existing law, the Public Utilities Act, requires that when a public utility seeks recovery in a court for the collection of lawful tariff charges, the complaint must be filed within 3 years, which may be extended 6 months if the public utility presents its claim or demand in writing to the person from whom the tariff charges are alleged to be due within that 3-year statute of limitations period. An existing decision of the commission governs retroactive billing by gas corporations and electrical corporations and imposes a 3-year limit on utility billing adjustments for meter and billing errors for commercial customers.~~

This bill would require the commission to reconsider that decision and open a proceeding to examine whether the 3-year limit on billing adjustments for meter and billing errors is an appropriate timeframe

for small commercial customers of gas corporations and electrical corporations.

~~This bill would prohibit an electrical corporation or gas corporation from billing a residential customer or small commercial customer, as defined, for charges that were unbilled or undercharged for a period exceeding 3 months, if the previous mistake in billing is the result of a meter error or billing error. The bill would additionally require that the risk of undercollection of lawful tariff charges by an electrical corporation or gas corporation that results from the above-described 3-month backbilling limitation, is borne by the shareholders of the utility.~~

~~Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.~~

~~Because the prohibition on backbilling would be a part of the act and because a violation of an order or decision of the commission implementing its requirements would be a crime, the bill would impose a state-mandated local program by creating a new crime.~~

~~The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: *yes-no*.

The people of the State of California do enact as follows:

- 1 SECTION 1. *The Legislature finds and declares all of the*
- 2 *following:*
- 3 (a) *In 1986, the Public Utilities Commission issued Decision*
- 4 *86-06-035, an order establishing procedures for retroactive billing*
- 5 *by gas corporations and electrical corporations.*
- 6 (b) *Under Decision 86-06-035, if a commercial customer is*
- 7 *undercharged, gas corporations and electrical corporations may*
- 8 *render an adjusted retroactive bill for the undercharged amount*
- 9 *for up to three previous years.*
- 10 (c) *Decision 86-06-035 makes no distinction between small*
- 11 *commercial customers and corporations for purposes of the*
- 12 *retroactive billing procedures.*

1 (d) Under Decision 86-06-035, the retroactive billing limit for
2 residential customers is three months.

3 (e) It is the intent of the Legislature to call on the Public Utilities
4 Commission to reexamine the allowable timeframe that gas
5 corporations and electrical corporations have to collect an
6 erroneous bill, derived from a faulty meter or bill, for small
7 commercial customers.

8 **SECTION 1.**

9 SEC. 2. Section 737.1 is added to the Public Utilities Code, to
10 read:

11 ~~737.1. (a) An electrical corporation or gas corporation shall~~
12 ~~not bill a residential customer or small commercial customer, as~~
13 ~~defined in Section 311, for charges that were unbilled or~~
14 ~~undercharged for a period exceeding three months, if the previous~~
15 ~~mistake in billing is the result of a meter error or billing error.~~

16 ~~(b) The commission shall ensure that the risk of undercollection~~
17 ~~of lawful tariff charges by an electrical corporation or gas~~
18 ~~corporation as a result of the three-month backbilling limitation~~
19 ~~of subdivision (a), is borne by the shareholders of the utility.~~

20 ~~SEC. 2. In implementing Section 1, the Public Utilities~~
21 ~~Commission shall extend to small commercial customers, as~~
22 ~~defined in Section 311 of the Public Utilities Code, the same~~
23 ~~protections from billing errors that are applicable to residential~~
24 ~~customers as a result of Decision 86-06-035 and Resolution~~
25 ~~G-3372, as modified by Decision 05-09-046.~~

26 ~~SEC. 3. No reimbursement is required by this act pursuant to~~
27 ~~Section 6 of Article XIII B of the California Constitution because~~
28 ~~the only costs that may be incurred by a local agency or school~~
29 ~~district will be incurred because this act creates a new crime or~~
30 ~~infraction, eliminates a crime or infraction, or changes the penalty~~
31 ~~for a crime or infraction, within the meaning of Section 17556 of~~
32 ~~the Government Code, or changes the definition of a crime within~~
33 ~~the meaning of Section 6 of Article XIII B of the California~~
34 ~~Constitution.~~

35 *737.1. The commission shall reconsider Decision 86-06-035*
36 *of the commission. The commission shall open a proceeding to*
37 *examine whether the three-year limit on billing adjustments for*
38 *meter and billing errors is an appropriate timeframe for small*

- 1 *commercial customers of gas corporations and electrical*
- 2 *corporations.*

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